

Group Quarterly Statement

**GFT Technologies SE
as of 30 September 2017**

Key figures (IFRS, unaudited)

GFT Technologies SE

in € million	9M/2017	9M/2016	Δ %	Q3/2017	Q3/2016	Δ %
Income statement						
Revenue	316.52	314.28	1%	98.75	106.25	-7%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	29.10	34.00	-14%	10.76	12.46	-14%
Earnings before interest and taxes (EBIT)	17.85	25.40	-30%	7.58	9.54	-21%
Earnings before taxes (EBT)	16.68	23.71	-30%	7.16	9.11	-21%
Net income	14.19	18.08	-22%	6.08	5.88	3%
Segments						
Revenue <i>Americas & UK</i>	151.65	166.24	-9%	45.88	55.40	-17%
Revenue <i>Continental Europe</i>	164.19	145.62	13%	52.64	48.91	8%
Revenue <i>Others</i>	0.68	2.42		0.23	1.94	
Earnings before taxes (EBT) <i>Americas & UK</i>	-7.49	6.63	<-100%	-1.16	2.18	<-100%
Earnings before taxes (EBT) <i>Continental Europe</i>	21.29	17.40	22%	6.37	7.34	-13%
Earnings before taxes (EBT) <i>Others</i>	2.88	-0.32		1.95	-0.41	
Share						
Earnings per share	€0.54	€0.69	-22%	€0.23	€0.23	-1%
Average number of outstanding shares	26,325,946	26,325,946	0%	26,325,946	26,325,946	0%
Balance sheet						
Non-current assets	165.01	174.26	-5%			
Cash, cash equivalents and securities	46.86	44.08	6%			
Other current assets	134.82	129.32	4%			
Assets	346.69	347.66	0%			
Non-current liabilities	93.83	133.60	-30%			
Current liabilities	134.68	87.27	54%			
Shareholders' equity	118.18	126.79	-7%			
Liabilities	346.69	347.66	0%			
Equity ratio	34%	36%				
Cash flow						
Cash flow from operating activities	2.37	-2.02				
Cash flow from investing activities	-5.78	-12.77				
Cash flow from financing activities	-11.07	13.06				
Employees						
Employees (absolute figures as of 30 September)	4,666	4,749	-2%			
Utilisation rate (weighted Ø GFT)	88.8%	89.8%				

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1. Overview of business development

After an encouraging trend in the first quarter of 2017 with year-on-year revenue growth of 14%, the subsequent business development of the GFT Group has been burdened by cost-containment measures introduced by two major investment banking clients in the second quarter. The third quarter was dominated by the increased cost savings made by these two clients. Following revenue growth of 5% in the first six months, year-on-year growth for the first nine months slowed to 1% – despite the dynamic revenue trend with digital solutions. In total, the GFT Group generated revenue of €316.52 million in the first nine months (9M/2016: €314.28 million).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) for the first nine months were burdened by restructuring costs, a lower level of capacity utilisation and personnel expenses for performance-based payment obligations from the takeover of W.G. Systems Ltda., São Paulo, Brazil (Habber Tec Brazil). The GFT Group also increased its investments in the expansion of digital solutions for banks and industrial clients. After nine months, EBITDA was down 14% to €29.10 million (9M/2016: €34.00 million).

Pre-tax earnings (EBT) also include an impairment charge on goodwill in the *Americas & UK* segment. EBT of €16.68 million for the first nine months was 30% below the corresponding prior-year figure (9M/2016: €23.71 million).

Subsequent event

The GFT Group has acquired the Spanish IT company Mecanización de Empresas S.A., Alicante, Spain, via its Spanish subsidiary GFT Iberia Holding S.A.U.. Founded in 1973, the company has 75 employees and generated revenue of around €4.20 million in 2016. Prior to the acquisition date, it traded under the Mecemsa brand and provides services for the development and maintenance of software for real estate companies.

2. Development of revenue

Development of consolidated revenue in the first nine months of 2017

In the first nine months of 2017, the GFT Group achieved stable growth with revenue of €316.52 million (9M/2016: €314.28 million). Acquired in April 2016, Habber Tec Brazil contributed €8.01 million (9M/2016: €3.54 million) to revenue.

Revenue of the GFT Group in the first nine months of 2017

	9M/2017		9M/2016		Δ %
	€ million	% share	€ million	% share	
GFT organic	308.51	97%	310.74	99%	-1%
Habber Tec Brazil ¹	8.01	3%	3.54	1%	>100%
GFT Group	316.52	100%	314.28	100%	1%

¹ Contained in the prior-year figures as of April 2016

Revenue of the GFT Group in the third quarter of 2017

	Q3/2017		Q3/2016		Δ %
	€ million	% share	€ million	% share	
GFT organic	95.96	97%	103.93	98%	-8%
Habber Tec Brazil ¹	2.79	3%	2.32	2%	21%
GFT Group	98.75	100%	106.25	100%	-7%

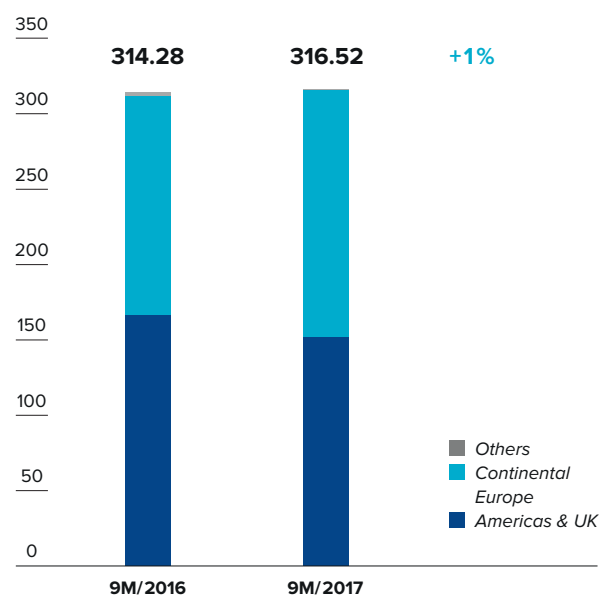
¹ Contained in the prior-year figures as of April 2016

Revenue by segment in the first nine months of 2017

After reporting year-on-year growth of 7% in the first quarter, the revenue trend of the *Americas & UK* segment subsequently suffered a strong decline due to cost-cutting measures introduced by two major investment banking clients in the UK and USA during the second quarter. As a result, segment revenue fell year on year by 9% to €151.65 million in the first nine months of 2017 (9M/2016: €166.24 million). Consequently, the *Americas & UK* segment's share of consolidated revenue declined from 53% in the previous year to 48% at the end of the third quarter of 2017.

The *Continental Europe* segment continued its dynamic growth with digital solutions for retail banks and raised revenue by 13% to €164.19 million in the first nine months of 2017 (9M/2016: €145.62 million). This segment's share of consolidated revenue rose from 46% in the previous year to 52% in the reporting period.

Revenue by segment in the first nine months of 2017
in € million



Revenue by segment in the first nine months of 2017

	9M/2017		9M/2016		Δ %
	€ million	% share	€ million	% share	
<i>Americas & UK</i>	151.65	48%	166.24	53%	-9%
<i>Continental Europe</i>	164.19	52%	145.62	46%	13%
<i>Others</i>	0.68	0%	2.42	1%	-72%
GFT Group	316.52	100%	314.28	100%	1%

Revenue by segment in the third quarter of 2017

	Q3/2017		Q3/2016		Δ %
	€ million	% share	€ million	% share	
<i>Americas & UK</i>	45.88	47%	55.40	52%	-17%
<i>Continental Europe</i>	52.64	53%	48.91	46%	8%
<i>Others</i>	0.23	0%	1.94	2%	-88%
GFT Group	98.75	100%	106.25	100%	-7%

Revenue by country in the first nine months of 2017

Revenue generated with clients in the **UK** decreased by 16% to €89.35 million in the first nine months (9M/2016: €106.98 million). This country's share of consolidated revenue fell from 35% in the previous year to 28%. The decline in revenue resulted mainly from cost-cutting measures introduced by two major investment banking clients. The UK remains the GFT Group's largest sales market.

In **Spain**, revenue in the first nine months rose by 15% to €64.96 million (9M/2016: €56.67 million). This dynamic trend was helped by strong demand from Spanish retail banks for digital solutions. The proportion of total revenue generated in this country rose to 21% (9M/2016: 18%).

In the first nine months of 2017, business with clients in **Germany** grew by 4% to €41.14 million (9M/2016: €39.58 million) and contributed 13% (as in the previous year) to consolidated revenue.

Despite the country's ongoing banking crisis, revenue in **Italy** remained stable at €39.86 million during the first nine months (9M/2016: €40.43 million). As in the previous year, Italy accounted for 13% of consolidated revenue.

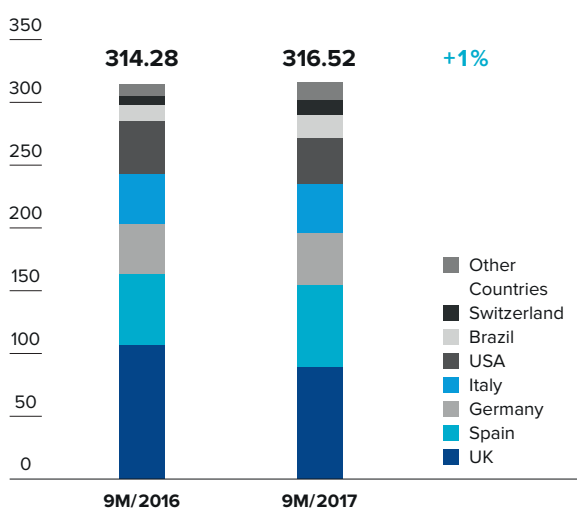
The revenue trend in the **USA** was also dominated by the cost-cutting measures of two major investment banking clients. Revenue generated in this country during the first nine months fell by 13% to €36.24 million (9M/2016: €41.61 million). The country's share of consolidated revenue fell to 11% (9M/2016: 13%).

In **Brazil**, there was revenue growth of 49% to €18.40 million in the first nine months (9M/2016: €12.33 million). Adjusted for the revenue contributed by Habber Tec Brazil of €8.01 million (9M/2016: €3.54 million), organic growth amounted to 18%.

Revenue generated with clients in **Switzerland** rose by 70% to €12.62 million (9M/2016: €7.41 million). This growth was largely due to the shifting of projects from clients in Germany to clients in Switzerland.

Revenue relating to **Other countries** increased by 51% to €13.95 million (9M/2016: €9.27 million). This was due in part to revenue generated with a new client in Canada.

Revenue by country in the first nine months of 2017
in € million



Revenue by country in the first nine months of 2017

	9M/2017		9M/2016		Δ %
	€ million	% share	€ million	% share	
UK	89.35	28%	106.98	35%	-16%
Spain	64.96	21%	56.67	18%	15%
Germany	41.14	13%	39.58	13%	4%
Italy	39.86	13%	40.43	13%	-1%
USA	36.24	11%	41.61	13%	-13%
Brazil	18.40	6%	12.33	3%	49%
Switzerland	12.62	4%	7.41	2%	70%
Other countries	13.95	4%	9.27	3%	51%
GFT Group	316.52	100%	314.28	100%	1%

Revenue by country in the third quarter of 2017

	Q3/2017		Q3/2016		Δ %
	€ million	% share	€ million	% share	
UK	25.86	26%	33.58	32%	-23%
Spain	20.02	20%	19.56	18%	2%
Germany	14.92	15%	14.85	14%	0%
Italy	12.32	12%	12.95	12%	-5%
USA	10.82	11%	14.14	13%	-24%
Brazil	6.51	7%	6.14	6%	6%
Switzerland	3.78	4%	2.72	3%	39%
Other countries	4.52	5%	2.31	2%	96%
GFT Group	98.75	100%	106.25	100%	-7%

3. Earnings position

Consolidated earnings position in the first nine months of 2017

In the first nine months of 2017, **earnings before interest, taxes, depreciation and amortisation (EBITDA)** of the GFT Group were 14% down on the previous year at €29.10 million (9M/2016: €34.00 million). EBITDA was burdened by exchange rate effects of €-2.15 million (9M/2016: €-2.42 million), due mainly to the devaluation of the British pound. The figure also includes expenses of €2.30 million for adapting the sales organisation to weak capital spending of investment banks in the UK and USA, as well as earn-out payment obligations of €0.75 million for company acquisitions in the previous year. Adjusted for the latter effects on earnings, EBITDA of €32.15 million for the first nine months was 6%, or €1.86 million, below the prior-year figure. The remaining year-on-year difference in earnings is due to the underutilisation of staff in the UK and USA, as well as to increased investment in our digital solutions. EBITDA also includes total costs for the CODE_n innovation drive of €0.49 million (9M/2016: €1.52 million).

Due mainly to an increase in depreciation, **earnings before interest and taxes (EBIT)** decreased by €7.55 million to €17.85 million in the first nine months of 2017 and were thus 30% down on the previous year (9M/2016: €25.40 million). Earnings were strongly influenced by an impairment charge of €2.00 million on the goodwill of the *Americas & UK* segment in the second quarter. Adjusted for this effect, EBIT of €19.85 million for the reporting period was 22%, or €5.55 million, below the prior-year figure.

Earnings before taxes (EBT) of €16.68 million were €7.03 million, or 30%, down on the previous year (9M/2016: €23.71 million), corresponding to an operating margin of 5.3% (9M/2016: 7.5%).

In the reporting period, the GFT Group generated **earnings after taxes (net income)** of €14.19 million – €3.89 million or 22% lower than in the previous year (9M/2016: €18.08 million). The calculated tax ratio decreased to 15% (9M/2016: 24%) due to the current allocation of earnings to the various national companies, as well as to tax credits in Spain. As a result of this more favourable distribution of net income within the GFT Group, we expect a tax ratio for the full-year 2017 of around 20% (2016: 27%).

Earnings per share declined by €0.15 to €0.54 in the first nine months (9M/2016: €0.69), based on 26,325,946 outstanding shares.

Earnings (EBT) by segment in the first nine months of 2017

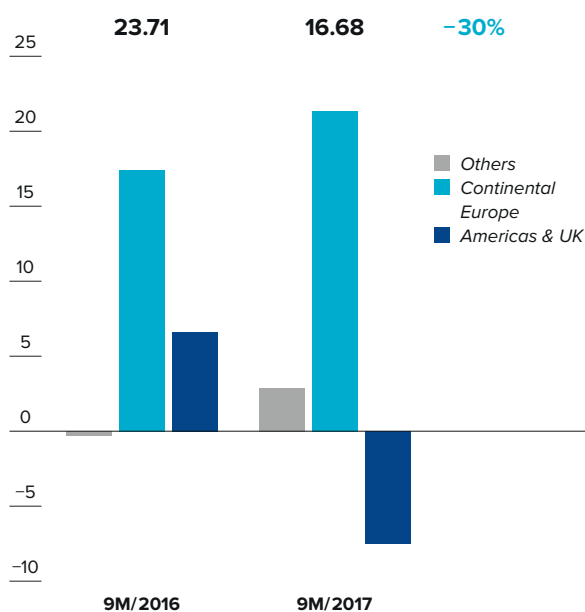
Pre-tax earnings (EBT) of the *Americas & UK* segment fell by €14.12 million to €-7.49 million in the first nine months of 2017 (9M/2016: €6.63 million). The operating margin decreased to -5% (9M/2016: 4%). This decline reflects decreased profitability due to lower revenues in this segment and underutilisation of staff in the UK and USA. Segment earnings also include restructuring costs of €2.30 million, earn-out payment obligations for prior-year company acquisitions of €0.75 million and an impairment charge on goodwill of €2.00 million. Adjusted for these special items, the *Americas & UK* segment reported pre-tax earnings of €-2.44 million with an operating margin of -2%.

By contrast, pre-tax earnings (EBT) of the *Continental Europe* segment rose by €3.89 million to €21.29 million in the first nine months of 2017 (9M/2016: €17.40 million). Due to high capacity utilisation and improved economies of scale in Spain, Germany and Switzerland, the operating margin – based on external revenue – amounted to 13% (9M/2016: 12%).

Earnings of the *Others* category rose to €2.88 million in the reporting period (9M/2016: €-0.32 million). The *Others* category – presented as a reconciliation column in segment reporting – comprises items which by definition are not included in the segments. It also includes elements of the group holding company which are not allocated, e.g. transactions or revenue relating to corporate activities only occasionally incurred or generated. Moreover, the reconciliation mainly comprises expenses for CODE_n. The year-on-year improvement in the *Others* category is primarily due to higher expense allocations to the two operating segments and cost savings.

Earnings (EBT) by segment in the first nine months of 2017

in € million



Earnings (EBT) by segment in the first nine months of 2017

	9M/2017		9M/2016		Δ Mio. €
	€ million	% share	€ million	% share	
<i>Americas & UK</i>	-7.49	-5%	6.63	4%	-14.12
<i>Continental Europe</i>	21.29	13%	17.40	12%	3.89
<i>Others</i>	2.88	-	-0.32	-	3.20
GFT Group	16.68	5%	23.71	8%	-7.03

Earnings (EBT) by segment in the third quarter of 2017

	Q3/2017		Q3/2016		Δ Mio. €
	€ million	% share	€ million	% share	
<i>Americas & UK</i>	-1.16	-3%	2.18	4%	-3.34
<i>Continental Europe</i>	6.37	12%	7.34	15%	-0.97
<i>Others</i>	1.95	-	-0.41	-	2.36
GFT Group	7.16	7%	9.11	9%	-1.95

Consolidated earnings position by income and expense items in the first nine months of 2017

In the first nine months of 2017, **other operating income** of €1.32 million was €1.43 million down on the previous year (9M/2016: €2.75 million). Other operating income contains positive exchange rate effects of €0.10 million (9M/2016: €0.74 million).

The **cost of purchased services** decreased by €5.07 million to €40.59 million in the reporting period (9M/2016: €45.66 million). This item includes the purchase of external services, which in the reporting period were provided increasingly by internal staff. The ratio of revenue to cost of purchased services fell year on year by 2 percentage points to 13% (9M/2016: 15%).

Personnel expenses rose by €14.04 million to €202.53 million in the reporting period (9M/2016: €188.49 million). The increase resulted from a higher average headcount in the first months of 2017 compared to the previous year, the growing replacement of purchased external services with internal staff, and severance payments made in the UK and USA following adjustments to the sales organisation in these countries.

Compared to the same period last year, the proportion of revenue to personnel expenses (personnel cost ratio) rose from 60% to 64%.

At €9.24 million, **depreciation and amortisation of tangible and intangible assets** in the first nine months of 2017 was €0.64 million above the prior-year figure (9M/2016: €8.60 million). The increase is mainly due to scheduled writedowns on the customer base of €0.48 million (9M/2016: €0.29 million) from the purchase price allocation (PPA) of Habber Tec Brazil.

Other operating expenses decreased by €3.26 million to €45.62 million in the reporting period (9M/2016: €48.88 million). The main cost elements were operating, administrative and selling expenses, which fell by €3.49 million to €41.50 million (9M/2016: €44.99 million). Other operating expenses also include exchange rate effects and other taxes.

The **financial result** in the first nine months of 2017 amounted to €-1.19 million (9M/2016: €-1.70 million).

4. Financial position

As the parent company of the GFT Group, GFT Technologies SE has concluded a number of promissory note agreements and a syndicated loan agreement in order to secure the long-term funding of the group. The syndicated loan agreement with a fixed term of five years for an amount of up to €80.00 million was concluded in the financial year 2015 with a banking consortium comprising Deutsche Bank AG, Landesbank Baden-Württemberg and UniCredit Bank AG. The amount of up to €80.00 million comprises two tranches, a Facility A credit line of up to €40.00 million and a Facility B revolving credit line of up to €40.00 million. As of 30 September 2017, €40.00 million of Facility A and €26.00 million of Facility B had been drawn. The interest rate is variable: for both facilities it is a fixed premium set per calendar year depending on the GFT Group's level of debt and based on the respective Euribor rate – 1, 2, 3 or 6 months.

Cash and cash equivalents as of 30 September 2017 amounted to €46.86 million and were thus €15.43 million below the year-end figure for 2016 (€62.29 million). The decline, or cash outflow, is mostly due to closing-date effects in working capital.

As of 30 September 2017, the GFT Group had unused credit lines of €52.63 million. The net liquidity of the GFT Group – calculated as the stock of disclosed cash and cash equivalents less financial liabilities – changed from €-42.05 million as of 31 December 2016 to €-56.51 million on 30 September 2017. The change in net liquidity compared to year-end 2016 resulted mainly from the decrease in cash and cash equivalents.

In the first nine months of 2017, **cash flows from operating activities** amounted to €2.37 million and were thus €4.39 million above the prior-year figure (9M/2016: €-2.02 million). The year-on-year positive development of this item resulted mainly from changes in trade receivables of €-0.50 million (9M/2016: €-23.09 million) as well as increased amortisation and depreciation of €11.24 million (9M/2016: €8.60 million). These were negatively opposed by the reduced net income of €14.19 million (9M/2016: €18.08 million), the decrease in trade payables and other liabilities of €-10.25 million (9M/2016: €-2.63 million), and the change in other assets of €-9.18 million (9M/2016: €-2.34). The increase in amortisation and depreciation is mainly due to the adjustment of the carrying amount for goodwill of the *Americas & UK* segment amounting to €2.00 million during the first half of 2017.

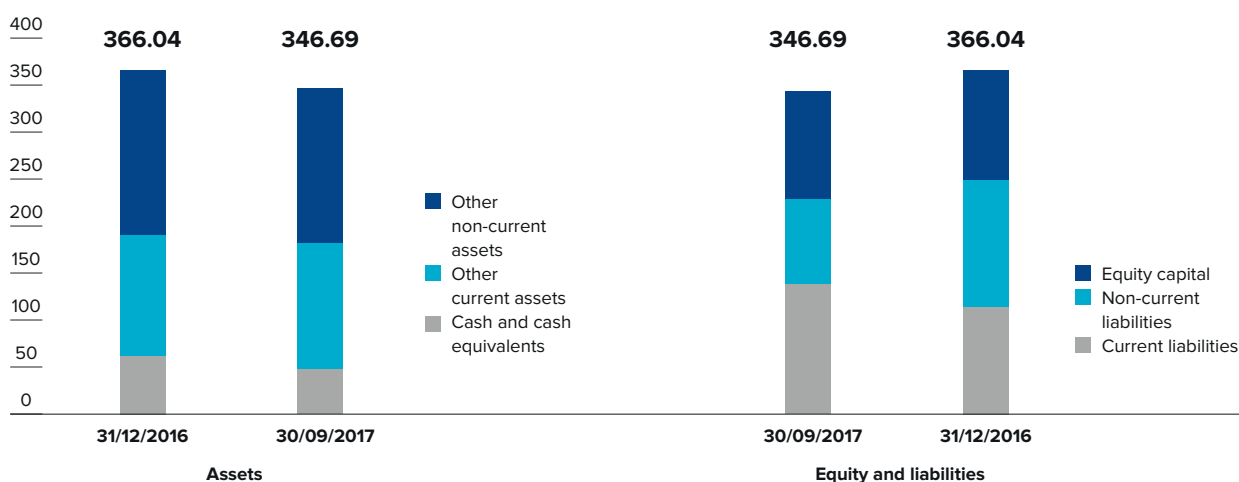
Cash flows from investing activities improved by €6.99 million to €-5.78 million in the first nine months of 2017 (9M/2016: €-12.77 million), largely as a result of reduced payments for the purchase of consolidated companies less acquired cash and cash equivalents of €-0.34 million (9M/2016: €-6.66 million). Payments for property, plant and equipment of €-4.09 million (9M/2016: €-5.92 million) mostly concerned standard investments in IT.

Cash flows from financing activities in the reporting period amounted to €–11.07 million, compared to €13.06 million in the same period last year. The decrease of €24.13 million resulted mainly from reduced cash receipts from taking out short- and long-term loans of €0.27 million (9M/2016: €22.01 million). The

dividend payment to shareholders adopted by the Annual General Meeting on 31 May 2017 led to a cash outflow of €–7.90 million (9M/2016: €–7.90 million), which ultimately accounted for the major share of cash flows from financing activities in the reporting period.

5. Asset position

Group balance sheet structure as of 30 September 2017
in € million



Assets

in € million	30/09/2017	31/12/2016
Other non-current assets	165.01	175.54
Other current assets	134.82	128.21
Cash and cash equivalents	46.86	62.29
	346.69	366.04

Equity and liabilities

in € million	30/09/2017	31/12/2016
Equity capital	118.18	117.18
Non-current liabilities	93.83	134.65
Current liabilities	134.68	114.21
	346.69	366.04

As of 30 September 2017, the GFT Group's balance sheet total amounted to €346.69 million and was thus €19.35 million below the year-end figure 2016 (€366.04 million). The decline in total assets is mainly due to reduced cash and cash equivalents as well as a decline in non-current liabilities.

Non-current assets as of 30 September 2017 totalled €165.01 million, compared to €175.54 million on 31 December 2016. The net decrease of €10.53 million resulted in particular from a decline in goodwill of €–6.36 million to €100.72 million (31 December 2016: €107.07 million). This figure includes the €2.00 million impairment charge on goodwill of the *Americas & UK* segment as of 30 June 2017, as well as currency effects. Moreover, the 25.1% stake in Parkpocket GmbH, Munich, Germany, carried according to the equity method (31 December 2016: €0.36 million), was sold with effect from 1 September 2017. The sale of this financial asset had no material effect on the financial position and performance of the GFT Group.

As of 30 September 2017, **current assets** amounted to €181.68 million and were €8.82 million below the corresponding figure at the end of financial year 2016 (31 December 2016: €190.50 million). This trend was largely attributable to the decline in cash and cash equivalents of €15.43 million, from €62.29 million to €46.86 million. This decrease in cash and cash equivalents was primarily opposed by a €4.74 million increase in other assets. The volume of trade receivables amounting to €115.72 million on 30 September 2017 (31 December 2016: €117.31 million) continues to be influenced by claims from the mutually agreed termination and final invoicing of an implementation project between a software vendor and his end customer in financial year 2016, for which GFT acted as sub-contractor.

Equity of €118.18 million on 30 September 2017 was slightly higher than at year-end 2016 (€117.18 million). Net income for the period of €14.19 million, less the dividend payment in June 2017 of €7.90 million, was opposed in particular by negative changes in the adjustment amount for foreign currency translations of €4.65 million – due mainly to the devaluation of the British pound. Other items were largely unchanged.

The **equity ratio** as of 30 September 2017 amounted to 34% and was thus 2 percentage points above the year-end 2016 figure of 32%.

There was a decrease in **non-current liabilities** of €40.82 million to €93.83 million as of 30 September 2017 (31 December 2016: €134.65 million). The decline was largely in connection with the complete allocation of variable purchase price liabilities and conditional considerations for company acquisitions of €32.84 million to current liabilities. In addition, financial liabilities declined by €5.72 million and amounted to €80.32 million as of 30 September 2017 (31 December 2016: €86.04 million).

There was an increase in **current liabilities** of €20.48 million to €134.68 million at the end of the third quarter, compared to €114.21 million as of 31 December 2016. The net increase resulted mainly from a rise in other financial liabilities of €29.36 million to €31.27 million (31 December 2016: €1.91 million), largely due to the reclassification from non-current liabilities of variable purchase price liabilities and conditional considerations for company acquisitions. There was also an increase in current financial liabilities of €4.75 million to €23.06 million (31 December 2016: €18.31 million), while other liabilities in particular fell by €7.68 million to €34.29 million (31 December 2016: €41.97 million).

Due especially to the decrease in borrowing, the GFT Group's **debt ratio** fell by 2 percentage points to 66%, compared to 68% on 31 December 2016.

6. Non-financial performance indicators

Employees

As of 30 September 2017, the GFT Group employed a total of 4,666 people. This corresponds to a year-on-year decrease of 2% (30 September 2016: 4,749). Compared to the end of the previous quarter, headcount fell by 2% (30 June 2017: 4,739).

Headcount in the *Americas & UK* segment as of 30 September 2017 was 11% below the prior-year period at 1,158 full-time employees (30 September 2016: 1,299). Compared to 30 June 2017 (1,222), headcount in this segment was down 5%. This was due to restructuring measures in the UK and USA, which also extended to the downstream development centres in Poland and Brazil.

In the *Continental Europe* segment, headcount increased year on year by 1% to 3,388 (30 September 2016: 3,344) in the first nine months. At the end of the second quarter of 2017, the figure stood at 3,398 employees (+/-0%).

The holding company employed 120 people at the end of the third quarter, corresponding to 13% growth over 30 September 2016 (106) and virtually unchanged from the previous quarter (30 June 2017: 119). The increase in headcount was mainly due to an expansion of capacities in IT security.

Compared to the same date last year, the number of employees in Germany rose by 20% to 343 as of 30 September 2017 (30 September 2016: 287) and by 6% over the previous quarter (30 June 2017: 325).

The productive utilisation rate based on the use of production staff in client projects amounted to 89% in the reporting period (9M/2016: 90%).

Employees by segment Q3/2017 compared to Q3/2016

	30/09/2017	30/09/2016	Δ %
<i>Americas & UK</i>	1,158	1,299	-11%
<i>Continental Europe</i>	3,388	3,344	1%
<i>Others</i>	120	106	13%
Total	4,666	4,749	-2%

Employees by segment Q3/2017 compared to Q2/2017

	30/09/2017	30/06/2017	Δ %
<i>Americas & UK</i>	1,158	1,222	-5%
<i>Continental Europe</i>	3,388	3,398	0%
<i>Others</i>	120	119	0%
Total	4,666	4,739	-2%

Employees by country Q3/2017 compared to Q3/2016

	30/09/2017	30/09/2016	Δ %
Spain	2,048	1,977	4%
Brazil	675	757	-11%
Italy	561	550	2%
Poland	500	590	-15%
Germany	343	287	20%
UK	182	237	-23%
Mexico	137	116	18%
Costa Rica	115	101	14%
Switzerland	56	46	22%
USA	45	77	-42%
Canada	4	11	-64%
Total	4,666	4,749	-2%

Employees by country Q3/2017 compared to Q2/2017

	30/09/2017	30/06/2017	Δ %
Spain	2,048	2,032	1%
Brazil	675	688	-2%
Italy	561	571	-2%
Poland	500	532	-6%
Germany	343	325	6%
UK	182	201	-9%
Mexico	137	147	-7%
Costa Rica	115	124	-7%
Switzerland	56	57	-2%
USA	45	58	-22%
Canada	4	4	0%
Total	4,666	4,739	-2%

Headcount is calculated on the basis of full-time employees; part-time employees are included pro rata. Changes in headcount are presented in comparison to the reporting dates of the corresponding prior-year period and additionally in comparison to the reporting date figures at the end of the past financial year.

7. Forecast report

Expected development of the GFT Group

The GFT Group's updated guidance for its financial year 2017 issued on 24 October 2017 is hereby confirmed. The changed forecast resulted from the increased savings made by two investment banking clients in the fourth quarter and stronger investment in the expansion of the sector focus on industrial clients. The GFT Group's revenue generated with its two investment banking clients will be around €10 million less than previously expected. Although business with digital solutions continues to make dynamic progress, the shortfall in revenue cannot be compensated for.

Earnings in 2017 will be burdened by a squeeze on margins from the reduced revenue forecast, a lower level of capacity utilisation and higher than previously expected restructuring costs. Moreover, GFT is investing more heavily in the expansion of its digital solution portfolio focused on industrial clients.

Operating targets of the GFT Group for the financial year 2017

Consolidated revenue of €415.00 million is expected for the financial year 2017 (previously €425.00 million).

Earnings before interest, taxes, depreciation and amortisation (EBITDA) of €34.00 million are anticipated (previously €42.00 million) with pre-tax earnings (EBT) of €18.00 million (previously €26.00 million).

The productive utilisation rate is likely to be 2 percentage points below the prior-year figure at 88% (2016: 90%).

Outlook for the financial year 2018

For the financial year 2018, GFT expects more stable business with its two major clients on a par with the fourth quarter of 2017, further dynamic revenue growth from digital solutions for the finance sector, and initial revenue from industrial clients. Investment to expand the company's range of digital solutions will be raised noticeably. Nevertheless, GFT expects that EBITDA in 2018 will increase to €39.00 million and EBT to €25.00 million due to the lack of negative special items. All in all, the company anticipates revenue of €415.00 million in 2018.

Medium-term prospects

GFT still plans to achieve its medium-term guidance with revenue growth to €800.00 million and an EBITDA margin of around 12% in 2022. The underlying business plan assumes continued organic growth in combination with targeted acquisitions.

Assumptions for the forecasts

Our forecasts are based on the assumptions stated in the annual report 2016 and the half-year financial report 2017 regarding overall economic development and the development of the financial services sector and IT industry. These forecasts take account of all events known at the time of preparing this report that might have an impact on the performance of the GFT Group.

This document is a quarterly statement pursuant to Sec. 50 of the Exchange Rules for the Frankfurt Stock Exchange.

Stuttgart, 9 November 2017

8. Consolidated Balance Sheet (IFRS, unaudited)

as of 30 September 2017, GFT Technologies SE

Assets

in €	30/09/2017	31/12/2016
Non-current assets		
Licences, industrial property rights and similar rights	27,081,729.86	29,542,905.07
Goodwil	100,715,728.52	107,073,742.24
Property, plant and equipment	30,569,331.41	31,210,664.54
Financial assets, accounted for using the equity method	0.00	370,040.32
Other financial assets	543,675.54	1,566,328.49
Current tax assets	841,888.53	883,780.15
Deferred tax assets	5,263,179.44	4,890,203.91
	165,015,533.30	175,537,664.72
Current assets		
Inventories	28,933.29	27,856.80
Trade receivables	115,722,936.02	117,308,335.67
Current tax assets	6,395,085.05	3,225,294.33
Cash and cash equivalents	46,861,276.31	62,290,469.48
Other financial assets	1,987,979.36	1,714,013.99
Other assets	10,680,981.10	5,938,518.73
	181,677,191.13	190,504,489.00
	346,692,724.43	366,042,153.72

Shareholders' equity and liabilities

in €	30/09/2017	31/12/2016
Shareholders' equity		
Share capital	26,325,946.00	26,325,946.00
Capital reserve	42,147,782.15	42,147,782.15
Retained earnings		
Other retained earnings	22,243,349.97	22,243,349.97
Changes not affecting net income	-21,062,278.54	-20,296,182.84
Changes in equity not affecting net income		
Actuarial losses	-2,642,519.07	-2,764,248.94
Foreign currency translations	-2,432,018.47	2,215,605.09
Consolidated balance sheet profit	53,598,924.32	47,311,135.14
	118,179,186.36	117,183,386.57
Liabilities		
Non-current liabilities		
Other financial liabilities	0.00	32,843,970.47
Financial liabilities	80,316,500.78	86,035,062.67
Provisions for pensions	8,777,033.91	8,689,968.64
Other provisions	1,150,261.67	1,490,306.35
Deferred tax liabilities	3,585,974.46	5,591,639.19
	93,829,770.82	134,650,947.32
Current liabilities		
Other provisions	35,514,786.40	37,064,690.69
Current income tax liabilities	4,202,414.52	2,437,281.25
Financial liabilities	23,059,095.87	18,308,325.27
Trade payables	6,343,623.79	12,516,758.54
Other financial liabilities	31,273,398.46	1,913,480.78
Other liabilities	34,290,448.22	41,967,283.30
	134,683,767.25	114,207,819.84
	346,692,724.43	366,042,153.73

9. Consolidated Income Statement (IFRS, unaudited)

for the period from 1 January to 30 September 2017, GFT Technologies SE

in €	9M/2017	9M/2016	Q3/2017	Q3/2016
Revenue	316,524,082.96	314,283,094.63	98,755,074.96	106,257,622.89
Other operating income	1,323,627.99	2,749,101.17	249,825.64	587,510.73
	317,847,710.95	317,032,195.80	99,004,900.60	106,845,133.62
Cost of purchased services	40,588,511.45	45,657,058.04	13,470,947.49	15,079,633.39
Personnel expenses				
a) Salaries and wages	167,790,176.93	156,390,612.93	49,906,900.54	51,272,974.65
b) Social security and expenditures	34,743,414.78	32,098,953.04	11,076,800.35	10,669,302.71
	202,533,591.71	188,489,565.97	60,983,700.89	61,942,277.36
Depreciation on intangible assets and on tangible assets	9,244,521.65	8,598,882.89	3,169,653.16	2,918,041.82
Impairment loss recognised for goodwill	2,000,000.00	0.00	0.00	0.00
Other operating expenses	45,616,573.51	48,884,798.95	13,794,920.90	17,362,458.60
Result from operating activities	17,864,512.62	25,401,889.95	7,585,678.15	9,542,722.45
Other interest and similar income	160,034.12	156,625.96	21,238.41	34,842.59
Financial assets, accounted for using the equity method	-11,664.09	11,970.39	-2,178.95	4,428.95
Impairment of financial assets	0.00	-420,765.41	1,388.03	0.00
Interest and similar expenses	1,335,588.04	1,443,910.78	450,192.94	474,699.40
Financial result	-1,187,218.02	-1,696,079.84	-429,745.46	-435,427.86
Earnings before taxes	16,677,294.61	23,705,810.11	7,155,932.70	9,107,294.59
Taxes on income and earnings	2,491,721.63	5,629,587.77	1,080,726.53	3,236,739.14
Net Income of the whole company	14,185,572.98	18,076,222.34	6,075,206.17	5,870,555.45
Net earnings per share – undiluted	0.54	0.69	0.23	0.22
Net earnings per share – diluted	0.54	0.69	0.23	0.22

10. Consolidated Statement of Comprehensive Income (IFRS, unaudited)

for the period from 1 January to 30 September 2017, GFT Technologies SE

in €	9M/2017	9M/2016	Q3/2017	Q3/2016
Net income of the whole company	14,185,572.98	18,076,222.34	6,075,206.17	5,870,555.45
A.) Components never reclassified to the income statement				
Actuarial gains/losses	167,924.72	9,355.74	130,256.57	-702.42
Income taxes on components of other comprehensive income	-46,194.85	-2,564.68	-46,194.85	172.29
Other (partial) result A.)	121,729.87	6,791.06	84,061.72	-530.13
B.) Components that can be reclassified to the income statement				
Exchange differences from net investments in foreign business operations	-621,084.17	0.00	-621,084.17	0.00
Exchange differences on translating foreign operations: Profits/losses during the financial year	-4,026,539.39	-7,494,795.42	-1,380,753.88	-1,372,885.05
	-4,026,539.39	-7,494,795.42	-1,380,753.88	-1,372,885.05
Other (partial) result B.)	-4,647,623.56	-7,494,795.42	-2,001,838.05	-1,372,885.05
Other result	-4,525,893.69	-7,488,004.36	-1,917,776.33	-1,373,415.18
Total result	9,659,679.29	10,588,217.98	4,157,429.84	4,497,140.27

11. Consolidated Statement of Changes in Equity (IFRS, unaudited)

as of 30 September 2017, GFT Technologies SE

	Subscribed capital	Capital reserve
in €		
As of 1 January 2016	26,325,946.00	42,147,782.15
Dividend payment September 2016		
Discounting of the conditional purchase price liability		
Comprehensice income for the period 01/01/–30/09/2016		
As of 30 September 2016	26,325,946.00	42,147,782.15
As of 1 January 2017	26,325,946.00	42,147,782.15
Dividend payment September 2017		
Discounting of the conditional purchase price liability		
Comprehensice income for the period 01/01/–30/09/2017		
As of 30 September 2017	26,325,946.00	42,147,782.15

¹ Net income

Retained earnings		Other results		Consolidated balance sheet profit/loss	Total share capital
Other retained earnings	Changes without effect on profit/loss	Foreign currency translations	Actuarial gains/losses	Profit (+) Loss (-)	
22,243,349.97	-3,201,360.01	8,678,759.88	-2,727,351.59	30,980,236.76	124,447,363.16
				-7,897,783.80	-7,897,783.80
	-350,838.63				-350,838.63
		-7,494,795.42	6,791.06	18,076,222.34 ¹	10,588,217.98
22,243,349.97	-3,552,198.64	1,183,964.46	-2,720,560.53	41,158,675.30	126,786,958.71
22,243,349.97	-20,296,182.84	2,215,605.09	-2,764,248.94	47,311,135.14	117,183,386.57
				-7,897,783.80	-7,897,783.80
	-766,095.70				-766,095.70
		-4,647,623.56	121,729.87	14,185,572.98 ¹	9,659,679.29
22,243,349.97	-21,062,278.54	-2,432,018.47	-2,642,519.07	53,598,924.32	118,179,186.36

12. Consolidated Cash Flow Statement (IFRS, unaudited)

for the period from 1 January 2017 to 30 September 2017, GFT Technologies SE

in €	9M/2017	9M/2016
Net income	14,185,572.98	18,076,222.34
Taxes on income and earnings	2,491,721.63	5,629,587.77
Interest income	1,175,553.94	1,287,284.82
Interest paid	-808,788.37	-877,398.75
Income taxes paid	-3,807,519.90	-5,588,973.56
Depreciation on intangible and tangible assets and impairing losses recognised for intangible assets	11,244,521.66	8,598,882.89
Changes in provisions	-703,886.09	-2,574,454.82
Other non-cash expenses/income	-1,511,727.82	1,558,063.90
Profit from the disposal of tangible and intangible assets	34,461.89	-66,124.17
Changes in trade receivables	-497,116.75	-23,089,441.01
Changes in other assets	-9,184,777.30	-2,339,742.89
Changes in trade payables and other liabilities	-10,246,482.17	-2,630,968.68
Cash flow from operating activities	2,371,533.70	-2,017,062.16
Cash receipts from sales of tangible assets	24,077.00	79,600.52
Cash payments to acquire tangible assets	-4,088,086.95	-5,920,632.74
Cash payments to acquire non-current intangible assets	-2,076,865.53	-401,616.33
Cash payments for loans granted to third parties	619,755.00	0.00
Cash payments to acquire consolidated companies net of cash and cash equivalents acquired	-338,519.11	-6,661,892.90
Interest received	75,437.27	134,276.74
Cash flow from investing activities	-5,784,202.32	-12,770,264.71
Cash receipts from taking out short-term or long-term loans	268,761.69	22,005,891.83
Cash payments to redeem short-term or long-term loans	-1,236,552.98	-1,047,932.24
Payments to shareholders	-7,897,783.80	-7,897,783.80
Cash payments to redeem other liabilities	-2,200,000.00	0.00
Cash flow from financing activities	-11,065,575.09	13,060,175.79
Influence of exchange rate fluctuations on cash and cash equivalents	-950,949.46	-1,170,513.18
Change in cash funds from cash-relevant transactions	-15,429,193.17	-2,897,664.26
Cash funds at the beginning of the period	62,290,469.48	46,977,516.05
Cash funds at the end of the period	46,861,276.31	44,079,851.79

13. Information on Operating Segment (IFRS, unaudited)

Segment report for the period from 1 January to 30 September 2017

in € thsd.	GFT			
	<i>Americas & UK</i>		<i>Continental Europe</i>	
	9M/2017	9M/2016	9M/2017	9M/2016
External sales	151,654	166,237	164,194	145,621
Inter-segment sales	4,054	3,298	56,514	57,906
Total revenues	155,708	169,535	220,708	203,527
Scheduled depreciaton and amortisation and impairment losses recognised for intangible assets	-5,835	-3,603	-4,707	-4,321
Significant non-cash income/expenditure other than depreciation	26	6	10	845
Interest income	273	237	425	380
Interest expenses	-1,377	-1,348	-621	-754
Share of net profits of associated companies reported according to the equity method	0	0	0	0
Segment result (EBT)	-7,492	6,633	21,286	17,401

Total

Reconciliation

GFT Group

	9M/2017	9M/2016	9M/2017	9M/2016	9M/2017	9M/2016
	315,848	311,858	676	2,424	316,524	314,283
	60,568	61,204	-60,568	-61,204	0	0
	376,416	373,062	-59,892	-58,780	316,524	314,283
	-10,542	-7,924	-703	-675	-11,245	-8,599
	36	851	1,476	-2,409	1,512	-1,558
	698	617	-538	-460	160	157
	-1,998	-2,102	662	658	-1,336	-1,444
	0	0	-12	12	-12	12
	13,794	24,034	2,883	-328	16,677	23,706



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Concept and text
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